


ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

		30 September 2013	31 December 2012
	Note	----- (Rupees in '000)-----	
		(Un-Audited)	(Audited) (Restated)
ASSETS			
Cash and balances with treasury banks	4	5,113,829	4,221,381
Balances with other banks		6,859,123	6,712,477
Due from financial institutions		2,700,000	1,100,000
Investments - net	6	30,254,783	27,421,461
Islamic financing and related assets - net	7	31,508,807	28,782,448
Operating fixed assets	8	2,719,941	2,629,176
Deferred tax assets		1,534,700	1,291,895
Other assets		1,924,076	1,707,477
		82,615,259	73,866,315
LIABILITIES			
Bills payable		839,006	746,651
Due to financial institutions	9	1,051,746	1,991,738
Deposits and other accounts	10	73,104,639	63,278,655
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		2,043,825	1,830,054
		77,039,216	67,847,098
NET ASSETS		<u>5,576,043</u>	<u>6,019,217</u>
REPRESENTED BY			
Share capital		8,935,200	8,935,200
Discount on issuance of shares		(767,290)	(767,290)
Reserves		82,074	82,074
Accumulated loss		(2,656,252)	(2,369,181)
		5,593,732	5,880,803
(Deficit) / surplus on revaluation of assets - net of tax		(17,689)	138,414
		5,576,043	6,019,217


CONTINGENCIES AND COMMITMENTS

11

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Director


 Director

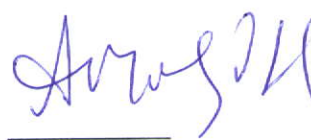
ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	Note	Nine months ended		Quarter ended	
		30 September 2013	30 September 2012	30 September 2013	30 September 2012
----- (Rupees in '000)-----					
Profit / return earned on islamic financing and related assets, investments and placements	12	4,544,247	4,813,540	1,535,999	1,542,169
Return on deposits and other dues expensed		3,132,794	3,666,751	1,091,728	1,153,092
Net spread earned		1,411,453	1,146,789	444,271	389,077
Provisions against non-performing islamic financing and related assets - net	7.2	443,522	549,014	266,874	337,158
Provisions / (reversal) for diminution in the value of investments	6.2	50,505	51,817	(1,324)	52,226
Bad debts written off directly		-	-	-	-
		494,027	600,831	265,550	389,384
Net spread after provisions		917,426	545,958	178,721	(307)
Other income					
Fee, commission and brokerage income		214,117	183,931	72,834	72,081
Dividend income		-	-	-	-
Income from dealing in foreign currencies		155,795	122,697	82,812	40,455
Gain / (loss) on sale of securities - net		39,099	(5,406)	-	(6,000)
Unrealized gain / (loss) on revaluation of investments classified as held for trading		-	-	-	-
Other income		12,266	9,724	4,635	5,201
Total other income		421,277	310,946	160,281	111,737
		1,338,703	856,904	339,002	111,430
Other expenses					
Administrative expenses		1,618,611	1,474,295	555,269	504,156
Other provisions / write offs	13	109,828	121,247	2,640	114,074
Other charges		3,247	60	-	13
Total other expenses		1,731,686	1,595,602	557,909	618,243
		(392,983)	(738,698)	(218,907)	(506,813)
Extra ordinary / unusual items		-	-	-	-
Loss before taxation		(392,983)	(738,698)	(218,907)	(506,813)
Taxation - Current		(49,655)	(25,622)	(16,963)	(8,270)
- Prior years		-	-	-	-
- Deferred		155,567	239,499	69,347	202,975
		105,912	213,877	52,384	194,705
Loss after taxation		(287,071)	(524,821)	(166,523)	(312,108)
Accumulated loss brought forward		(2,369,181)	(1,723,544)	(2,489,729)	(1,936,257)
Accumulated loss carried forward		(2,656,252)	(2,248,365)	(2,656,252)	(2,248,365)
Loss per share - Basic and diluted (Rupee)		(0.32)	(0.59)	(0.19)	(0.35)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Director

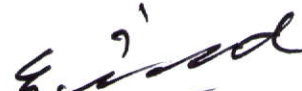

Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	Nine months ended		Quarter ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	----- (Rupees in '000) -----			
Loss for the period - after taxation	(287,071)	(524,821)	(166,523)	(312,108)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the period	(287,071)	(524,821)	(166,523)	(312,108)

As per the requirement of the State Bank of Pakistan, surplus / deficit on revaluation of available-for-sale securities is required to be taken to a separate account 'surplus / deficit on revaluation of assets' shown in the statement of financial position below equity. Accordingly, it has not been included in statement of comprehensive income.

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



 Chief Executive Officer



 Director



 Director




 Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	30 September 2013	30 September 2012
	-----Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(392,983)	(738,698)
Adjustments for non-cash and other items:		
Depreciation	80,149	80,531
Amortisation	67,020	62,009
Provisions against non-performing islamic financing assets - net	443,522	549,014
Provisions for diminution in the value of investments	50,505	51,817
Other provisions / write offs	109,828	121,247
Gain on the disposal of fixed assets	(3,249)	(8,467)
	747,775	856,151
	354,792	117,453
(Increase) / decrease in operating assets		
Due from financial institutions	(1,600,000)	-
Islamic financing and related assets - net	(3,169,881)	3,525,571
Others assets	(190,940)	(104,681)
	(4,960,821)	3,420,890
Increase / (decrease) in operating liabilities		
Bills payable	92,355	324,886
Due to financial institutions	(939,992)	(610,191)
Deposits and other accounts	9,825,984	(4,474,804)
Other liabilities	213,771	(251,385)
	9,192,118	(5,011,494)
Income tax paid	(50,204)	(53,790)
Net cash inflow / (outflow) from operating activities	4,535,885	(1,526,941)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net additions to investments	(3,127,165)	(964,381)
Net investments in operating fixed assets	(369,626)	(1,435)
Net cash outflow on investing activities	(3,496,791)	(965,816)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease obligations	-	(4,904)
Net cash outflow on financing activities	-	(4,904)
Net increase / (decrease) in cash and cash equivalents	1,039,094	(2,497,661)
Cash and cash equivalents at beginning of the period	10,933,858	11,522,667
Cash and cash equivalents at end of the period	11,972,952	9,025,006

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Director


 Director



 Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

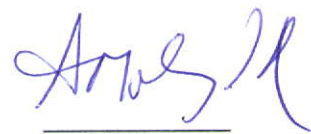
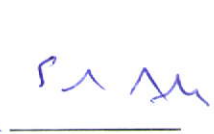
	Issued, subscribed and paid-up share capital	Discount on issuance of shares	Statutory Reserve *	Accumulated loss	Total
	----- (Rupees in '000) -----				
Balance as at 01 January 2012	8,935,200	(767,290)	82,074	(1,723,728)	6,526,256
Effect of retrospective change in accounting policy for actuarial gains and losses on defined benefit plan as referred in note 4.2 - net of tax	-	-	-	184	184
Balance as at 01 January 2012 - Restated	8,935,200	(767,290)	82,074	(1,723,544)	6,526,440
Loss for the period	-	-	-	(524,821)	(524,821)
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(524,821)	(524,821)
Balance as at 30 September 2012 - Restated	8,935,200	(767,290)	82,074	(2,248,365)	6,001,619
Loss for the period - Restated	-	-	-	(120,117)	(120,117)
Other comprehensive income - Restated	-	-	-	(699)	(699)
	-	-	-	(120,816)	(120,816)
Balance as at 31 December 2012 - Restated	8,935,200	(767,290)	82,074	(2,369,181)	5,880,803
Loss for the period	-	-	-	(287,071)	(287,071)
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(287,071)	(287,071)
Balance as at 30 September 2013	<u>8,935,200</u>	<u>(767,290)</u>	<u>82,074</u>	<u>(2,656,252)</u>	<u>5,593,732</u>

* This represents reserve created under section 21(1)(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Director

 
 Director Director

ALBARAKA BANK (PAKISTAN) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 AlBaraka Bank (Pakistan) Limited (the Bank) was incorporated in Pakistan on 20 December 2004 as a public limited company under the Companies Ordinance, 1984.

The main objective of the Bank is to carry on Islamic banking business in Pakistan in accordance and in conformity with Shariah. The Bank was granted an Islamic Banking License BL(i)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan (SBP) vide its letter no. BPRD (LCGD-02)1625-761D/2007/521 dated 18 January 2007 under section 27 of the Banking Companies Ordinance, 1962 read with Islamic Banking Department circular no. 2 of 2004. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007 by the SBP vide its letter no. BPRD (LCGD-02)1625-76/X/JD/2007/1269 dated 12 February 2007. Upon merger of the Pakistan branches of AlBaraka Islamic Bank B.S.C. (c) with and into the Bank, fresh license no. BL(i)-01(2011) was issued by SBP vide its letter no. BPRD (R&P-01)/2011-3087 dated 12 March 2011, effective from close of business on 29 October 2010.

The Bank is a subsidiary of AlBaraka Islamic Bank B.S.C. (c) incorporated and domiciled in Bahrain (the parent company) and a member of AlBaraka Banking Group.

The Bank's registered office is located at 162, Bangalore Town, Main Sharah-e-Faisal, Karachi. The Bank operates 92 branches and 2 sub-branches (31 December 2012 : 92 branches and 2 sub branches) in Pakistan.

Based on the financial statements of the Bank for the year ended 31 December 2012, Pakistan Credit Rating Agency Limited (PACRA) has determined the Bank's long-term rating at "A" and short term rating as 'A1'. JCR-VIS, has also determined long-term and short-term ratings of "A" and 'A1' respectively with a stable outlook.

- 1.2 As per the BSD Circular No. 7 of 2009 dated 15 April 2009 of SBP, the Minimum Capital Requirement (MCR) for Banks / Development Financial Institutions as of 31 December 2012 and 2013 is Rs.9 billion and Rs.10 billion respectively. As against the above requirement, the minimum capital of the Bank as of 30 September 2013 amounts to Rs. 5,593.732 million. The Bank was granted exemption from the MCR by the SBP vide its letter no. BSD/BAI-3/608/4673/2011 dated 14 April 2011 for a period of three years i.e. 31 December 2010, 2011 and 2012 subject to the compliance of the following conditions during the exemption period:
- i) The Bank shall maintain paid up capital (free of losses) of at least Rs.6 billion at all times and raise the paid up capital (free of losses) to Rs.6.5 billion in the year 2011, Rs.8 billion in the year 2012 and Rs.10 billion in the year 2013;
 - ii) The Bank shall maintain Capital Adequacy ratio (CAR) of 15% or above during the period;
 - iii) There would be moratorium on dividend payments until the Bank meets existing regulatory capital requirements;
 - iv) The Bank shall not undertake related party transaction (as defined under note 43 of the annual financial statements circulated vide BSD Circular No. 4 of 17 February 2006).

The Bank is subject to MCR and Capital Adequacy Ratio (CAR) as of 31 December 2013 and onwards as per BSD Circular no.7 dated 15 April 2009 plus an additional amount of Rs.383.14 million.

During 2012, the Bank was granted timeline extension by SBP till 31 December 2012 vide its letter no. BSD/CS/13226/12/2012 dated 08 November 2012 for compliance with the MCR and CAR requirements subject to the submission of capital enhancement plan. In this regard, the Bank has finalised its capital enhancement plan and the same is under discussion with SBP for its approval. The parent company of the Bank is fully committed to comply with current and future regulatory capital requirements.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Bank have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting", provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2 The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, International Financial Reporting Standard 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified, accounted for and valued in accordance with the requirement of various circulars issued by the SBP.

2.3 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP, vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting" and do not include all information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2012.

3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention except that certain investments, foreign currency balances and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value in accordance with the requirements of the SBP.

3.1 Functional and presentation currency

This condensed interim financial information has been presented in Pakistan Rupee, which is the Bank's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

4.1 The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Bank for the year ended 31 December 2012 except as follows :

New, amended and revised International Financial Reporting Standards (IFRSs) and International Financial Accounting Standards (IFASs)

The Bank has adopted the following revised standard, amendments and interpretation of IFRSs and IFASs which became effective for the current period:

- IAS 1 - Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)
- IAS 19 - Employee Benefits – (Revised)
- IFAS 3 - Profit and Loss Sharing on Deposits

The adoption of the above revision and amendments of the standards did not have any effect on the condensed interim financial statements except for as described in note 4.2 below:

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

4.2 Change in accounting policy

During the period, the Bank has adopted Revised IAS 19 - 'Employee Benefits'. As per revised standard, actuarial gains and losses for defined benefit plans are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

The adoption of above revised standard has resulted in change in accounting policy of the Bank related to recognition of actuarial gains and losses to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur. Previously, actuarial gains and losses over and above the corridor limit were amortized in the profit and loss account over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19. Further, any past service cost (vested and non-vested) is now recognized immediately in the profit and loss account upon changes in the benefit plans. Previously, only vested past service cost was recognized immediately in profit and loss account and non vested cost was amortised to profit and loss account over the vesting period. The impact of the said changes on these condensed interim financial statements is as under:

	As at 31 December 2012	As at 01 January 2012
	-----Rupees in '000 -----	
Net increase / (decrease) in accumulated loss - net of tax	2,736	(184)
Increase/ (decrease) in deferred tax asset	1,097	(99)
Decrease / (increase) in defined benefit asset	3,833	(283)

There is no material impact on other comprehensive income for the periods ended 30 September 2012 and 30 September 2013.

4.3 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Bank for the year ended 31 December 2012.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and the methods used for critical accounting estimates and judgements adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2012.

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS

6. INVESTMENTS

Note	30 September 2013 (Un-Audited)			31 December 2012 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	----- (Rupees in '000) -----					

6.1 Investments by types

Available-for-sale securities

Sukuk certificates	30,351,770	-	30,351,770	27,211,781	-	27,211,781
Ordinary shares of listed company	28,768	-	28,768	28,754	-	28,754
Ordinary shares of unlisted company Takaful Pakistan Limited (a related party)	52,200	-	52,200	52,200	-	52,200
	30,432,738	-	30,432,738	27,292,735	-	27,292,735

Held to maturity securities

Sukuk certificates	-	-	-	12,838	-	12,838
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Investments at cost

Provision for diminution in the value of investments	30,432,738	-	30,432,738	27,305,573	-	27,305,573
	6.2 (156,849)	-	(156,849)	(106,344)	-	(106,344)

Investments (net of provisions)

	30,275,889	-	30,275,889	27,199,229	-	27,199,229
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(Deficit) / surplus on revaluation of
available-for-sale securities

	(21,106)	-	(21,106)	222,232	-	222,232
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Total investments at market value

	30,254,783	-	30,254,783	27,421,461	-	27,421,461
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30 September 2013
31 December 2012
----- (Rupees in '000) -----
(Un-Audited) (Audited)

6.2 Particulars of provision for diminution in the value of investments

Opening balance	106,344	53,741
Charged during the period / year	57,719	53,990
Reversal during the period / year	(7,214)	(1,387)
	50,505	52,603
Closing balance	156,849	106,344

6.3 The mark to market impairment loss on this investment as of 30 September 2013 amounts to Rs. 18.905 (31 December 2012 : Rs. 19.167) million. However, SBP vide its letters BPRD/BRD-(Policy)/2013-11339 dated 25 July 2013 read with letter no. BPRD/BRD-(Policy)/2013-1857 dated 15 February 2013 has allowed relaxation from recognition of full impairment loss to recognize the same in a phased manner by 31 December 2014. As per such relaxation the Bank is required to book atleast 40% of impairment loss as of 30 September 2013 which amounts to Rs.7.562 (31 December 2012 : Rs.1.917) million.

30 September 2013
31 December 2012
----- (Rupees in '000) -----
Note (Un-Audited) (Audited)

7. ISLAMIC FINANCING AND RELATED ASSETS

Inside Pakistan

Islamic financing

- Murabaha financing	16,591,501	14,493,691
- Advance against murabaha finance	999,219	1,158,835
- Export refinance under islamic scheme	1,873,723	2,160,057
- Ijarah assets under IFAS 2	2,820,047	2,089,490
- Net investment in ijarah	152,222	269,483
- Advance against ijara	238,500	99,496
- Service ijarah	424,020	512,255
- Diminishing musharaka financing	6,755,581	5,911,172
- Over due acceptance	616,403	713,114
- Salam financing	400,973	90,641
- Advance against salam	1,861,646	3,359,048
- Financing against bills - payable outside Pakistan	660,669	164,993
- Advance against istasna	1,259,244	458,000
- Qarz-e-Hasna	25,256	28,814
- Rahnuma travel services	-	34
Islamic financing and related assets - gross	34,679,004	31,509,123

Provisions for non-performing financing - specific

	7.1 & 7.2 3,156,183	2,714,908
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Provisions for non-performing financing - general

	7.2 14,014	11,767
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	3,170,197	2,726,675
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Islamic financing and related assets - net of provisions

	31,508,807	28,782,448
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ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS

7.1 Islamic financing include Rs. 6,159.862 (31 December 2012 : Rs. 6,093.026) million which have been placed under non-performing status as detailed below:

Category of classification	30 September 2013 (Un-Audited)			Provision required	Provision held
	Domestic	Overseas	Total		
	(Rupees in '000)				
OAEM	900	-	900	-	-
Substandard	575,569	-	575,569	101,929	101,929
Doubtful	493,152	-	493,152	139,612	139,612
Loss	5,090,241	-	5,090,241	2,914,642	2,914,642
	<u>6,159,862</u>	<u>-</u>	<u>6,159,862</u>	<u>3,156,183</u>	<u>3,156,183</u>

Category of classification	31 December 2012 (Audited)			Provision required	Provision held
	Domestic	Overseas	Total		
	(Rupees in '000)				
OAEM	-	-	-	-	-
Substandard	477,608	-	477,608	16,843	16,843
Doubtful	1,461,380	-	1,461,380	421,685	421,685
Loss	4,154,038	-	4,154,038	2,276,380	2,276,380
	<u>6,093,026</u>	<u>-</u>	<u>6,093,026</u>	<u>2,714,908</u>	<u>2,714,908</u>

7.2 Particulars of provisions against non-performing islamic financing

	30 September 2013 (Un-Audited)			31 December 2012 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	2,714,908	11,767	2,726,675	1,979,064	12,052	1,991,116
Charge for the period / year	805,324	2,247	807,571	1,066,032	-	1,066,032
Reversals for the period / year	(364,049)	-	(364,049)	(315,859)	(285)	(316,144)
	441,275	2,247	443,522	750,173	(285)	749,888
Written off during the period / year	-	-	-	(14,329)	-	(14,329)
Closing balance	<u>3,156,183</u>	<u>14,014</u>	<u>3,170,197</u>	<u>2,714,908</u>	<u>11,767</u>	<u>2,726,675</u>

7.3 The above provision against non-performing islamic financing has been worked out after considering the benefit of forced sale value of collateral amounting to Rs. 2,649.163 (31 December 2012 : Rs. 2,701.616) million. The FSV benefit recognized is not allowed for distribution of cash or stock dividend to shareholders.

7.4 The Bank maintains general reserve (provisions) in accordance with the applicable requirements of prudential regulations for consumer, small and medium enterprise financing.

7.5 SBP vide its letters BPRD/BRD-(Policy)/2013-1857 and BPRD/BLRD-3/DMG/2011-1035 dated 15 February 2013 and 26 January 2011 respectively has allowed relaxation from provisioning requirement against certain credit exposures having a provisioning impact of Rs. 76.421 (31 December 2012 : Rs. 472.24) million.

8. OPERATING FIXED ASSETS	Note	30 September	31 December
		2013	2012
		Rupees in '000	
		(Un-Audited)	(Audited)
Property and equipment	8.1	1,448,744	1,090,095
Intangible assets	8.1	931,940	999,041
Capital work-in-progress	8.2	339,257	540,040
		<u>2,719,941</u>	<u>2,629,176</u>

8.1 Additions and disposals at cost during the period amounted to Rs. 447.665 (30 September 2012: Rs. 16.463) million and Rs. 27.438 (30 September 2012: Rs. 31.397) million respectively.

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		30 September 2013	31 December 2012
Note	-----	Rupees in'000-----	-----
	(Un-Audited)	(Audited)	(Audited)
8.2 Capital work-in-progress			
Advances to supplier and contractors	8.2.1	339,257	414,200
Advance for purchase of property	8.2.2	251,680	251,680
Provision for impairment against advance for purchase of property		(251,680)	(125,840)
		-	125,840
		<u>339,257</u>	<u>540,040</u>

8.2.1 This includes expenditure amounting to Rs. 121.049 (31 December 2012 : Rs. 218.761) million for implementation of new core banking system of the Bank.

8.2.2 This includes advance payment made by the Bank amounting to Rs. 251.680 (31 December 2012: Rs. 251.680) million for the purchase of two floors in the Karachi Financial Towers (KFT) against an aggregate purchase price of Rs.533.408 million. The KFT project is being developed by Ensha LLC Developers (Private) Limited and is currently suspended. In view thereof, a provision for impairment amounting to Rs. 251.680 (31 December 2012: Rs. 125.840) million has been made against the above advance.

In terms of the deed of indemnity issued by Ensha LLC to the Bank, Ensha LLC shall indemnify the Bank for any loss suffered or required to be booked in the financial statements in respect of the above advance payment. Further, in the event that the KFT project is not revived and substantial progress is not made within a period of three years commencing from the date of the deed of indemnity, Ensha LLC will pay to the Bank the full extent of the advance payment. Accordingly, the Bank has claimed Rs. 251.680 million from Ensha LLC on account of above indemnity.

		30 September 2013	31 December 2012
-----	-----	Rupees in'000-----	-----
	(Un-Audited)	(Audited)	(Audited)
9. DUE TO FINANCIAL INSTITUTIONS			
Borrowings from State Bank of Pakistan under Islamic export refinance scheme		1,048,610	1,991,738
UnSecured			
Overdrawn balances		3,136	-
		<u>1,051,746</u>	<u>1,991,738</u>

10. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits		27,166,922	27,381,596
Savings deposits		26,481,274	21,498,254
Current accounts - non-remunerative		10,151,687	8,710,118
Margin deposits		776,576	475,344
		<u>64,576,459</u>	<u>58,065,312</u>

Financial Institutions

Remunerative deposits		8,487,800	5,194,099
Non-remunerative deposits		40,380	19,244
		<u>8,528,180</u>	<u>5,213,343</u>
		<u>73,104,639</u>	<u>63,278,655</u>

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	30 September 2013 (Un-Audited)	31 December 2012 (Audited)
	-----Rupees in'000-----	
11. CONTINGENCIES AND COMMITMENTS		
11.1 Transaction related contingent liabilities		
Includes performance bonds, bid bonds, shipping guarantees favouring:		
i) Government	4,920,247	4,610,958
ii) Banking companies and other financial institutions	349,702	445,690
iii) Others	507,829	548,093
	5,777,778	5,604,741
11.2 Trade related contingent liabilities		
Letters of credit	4,606,682	2,740,836
Others - Shipping Guarantees	178,258	8,899
Acceptances	900,060	1,213,464
11.3 Commitments in respect of forward exchange contracts		
Purchase	2,192,876	3,254,692
Sale	2,648,146	2,965,259
11.4 Commitments for lease liability in respect of rentals under ijarah	553	9,672
11.5 Commitments to incur capital expenditure	281,730	296,443
11.6 Other Contingencies		

The Bank has received various assessment orders from Deputy Commissioner Inland Revenue (DCIR) stating that the Bank has short paid Federal Excise Duty (FED) on specific income of the Bank for the tax years 2009, 2010 and 2011 amounting to Rs. 86.584 million. However, Appellate Tribunal Inland Revenue (ATIR) has set aside the orders for fresh adjudication. The said matter is pending decision for further proceedings. The management of the Bank is confident that the above matter will be decided in its favor and hence, no provision against any liability which may arise in this respect has been made in these condensed interim financial statements.

There is no change in the status of contingencies as disclosed in note 20.6.1 to 20.6.3 & 20.6.5 to the financial statements for the year ended 31 December 2012.

	Nine months ended		Quarter ended	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
	-----Rupees in'000-----			
	------(Un-Audited)-----			
12. PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS				
On islamic financing and related assets	2,374,598	2,190,864	755,302	677,463
On investments	1,770,049	2,305,971	591,278	768,171
On deposits with banks	332,627	316,705	160,697	96,535
On due from financial institutions	66,973	-	28,722	-
	4,544,247	4,813,540	1,535,999	1,542,169
13. OTHER PROVISIONS / WRITE OFFS				
Provision against advance for purchase of property	125,840	62,920	-	62,920
(Reversal of provision) / provision against other assets	(25,113)	58,327	-	51,154
Fixed assets written off	9,101	-	2,640	-
	109,828	121,247	2,640	114,074

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14. RELATED PARTY TRANSACTIONS

14.1 Details of transactions with related parties and balances as at the period / year end are as follows:

	30 September 2013 (Un-Audited)	31 December 2012 (Audited)
	-----Rupees in'000-----	
14.1.1 Balances as at period / year end		
<u>Key management personnel</u>		
Islamic financing and related assets		
At beginning of the period / year	77,319	48,640
Additions during the period / year	112,603	39,377
Deletions during the period / year	(86,938)	(10,698)
At end of the period / year	102,984	77,319
Deposits		
At beginning of the period / year	142,535	135,868
Additions during the period / year	284,219	312,677
Deletions during the period / year	(274,180)	(306,010)
At end of the period / year	152,574	142,535
Other Balances		
Return payable on deposit	568	338
Profit receivable on islamic financing and related assets	54	68
<u>Parent Bank</u>		
Other balances	95,704	95,704
<u>Shareholders, entities having directors in common with the Bank and retirement benefit plan of the Bank</u>		
Deposits		
At beginning of the period / year	541,574	455,799
Additions during the period / year	785,538	362,548
Deletions during the period / year	(623,157)	(276,773)
At end of the period / year	703,955	541,574
Other balances		
Return payable on deposit	3,979	2,158
Investments	52,200	52,200
Provision for diminution in the value of investment	25,900	27,353
Non funded exposure	372,454	457,673
	30 September 2013 (Un-Audited)	31 December 2012 (Audited)
	-----Rupees in'000-----	
		(Restated)
<u>Retirement benefit plan</u>		
Receivable from defined benefit plan	14,151	14,151

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Nine months ended		Quarter ended	
30 September 2013	30 September 2012	30 September 2013	30 September 2012
----- Rupees in'000 -----			
----- (Un-Audited) -----			

14.1.2 Transactions for the period

Key management personnel

Transactions, income and expenses

Profit earned on islamic financing	2,912	2,373	992	1,258
Return on deposits expensed	8,845	8,342	1,994	985
Salaries and allowances	118,940	113,461	32,089	35,873

**Shareholders, entities having directors in common with the Bank
and retirement benefit plan of the Bank**

Transactions, income and expenses

Return on deposits expensed	29,921	23,971	11,656	13,601
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Retirement benefit plan

Contributions to defined contribution plan	29,169	29,334	9,780	9,531
Contributions to defined benefit plan	26,723	29,511	8,979	11,031

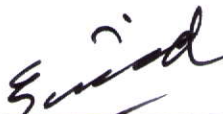
15. GENERAL

15.1 Certain prior period's figures have been reclassified / restated for the purpose of comparison. However, there were no material reclassifications / restatements to report except already disclosed in note 4.2 to the condensed interim financial statements.

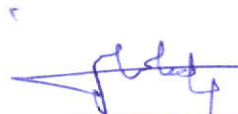
15.2 Figures have been rounded off to the nearest thousand Rupees.

16. DATE OF AUTHORISATION

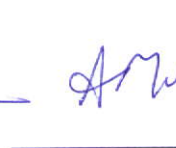
These condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on 29 October 2013.



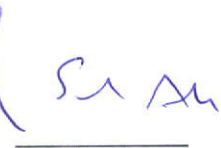
Chief Executive Officer



Director



Director



Director